

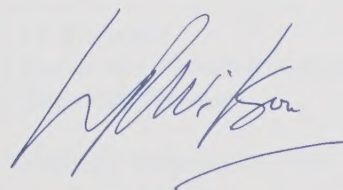
Dear Shareholder:

You are invited to attend the annual and special meeting of the shareholders of BCE Inc. which will be held in the Congress Hall of the Palais des Congrès de Montréal, in Montreal, Quebec, on Wednesday, April 30, 1997, at 10:30 a.m. You will find an admission ticket attached to your proxy form.

The items of business to be acted upon are set forth in the notice of meeting and management proxy circular. This year, apart from the usual business, you will be asked to vote on a two-for-one stock split of the Corporation's common shares. Your participation in the affairs of the Corporation is most important, regardless of the number of shares you hold. If you are unable to attend in person, please date, sign and promptly return the enclosed proxy form in the envelope provided for this purpose. If you intend to be present at the meeting, you may nevertheless find it convenient to express your views in advance by completing and returning your proxy.


Following the custom of past meetings, we will review with you the business and affairs of the Corporation and our expectations for the future. You will also have an opportunity to meet your directors and the executives of the Corporation.

Sincerely yours,



L.R. Wilson
*Chairman and
Chief Executive Officer*

February 26, 1997



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NOTICE OF 1997 ANNUAL AND SPECIAL MEETING

The annual and special meeting of the shareholders of BCE Inc. will be held at the Palais des Congrès de Montréal, 201, avenue Viger Ouest, Montreal, Quebec, on Wednesday, April 30, 1997, at 10:30 a.m. (Montreal time) for the following purposes:

- to receive the consolidated financial statements for the year ended December 31, 1996 and the auditors' report on the financial statements;
- to elect directors for the ensuing year;
- to appoint auditors to hold office until the close of the next annual meeting;
- to consider and, if deemed appropriate, to adopt a Special Resolution (the full text of which is reproduced as Schedule A to the accompanying Management Proxy Circular) authorizing the Corporation to apply for a Certificate of Amendment under the *Canada Business Corporations Act* to amend the articles of the Corporation to provide for the subdivision, on a two-for-one basis, of its common shares, issued and outstanding at the close of business, on May 14, 1997; and
- to transact such other business as may properly be brought before the meeting.

Shareholders registered at the close of business on March 14, 1997 will be entitled to receive notice of the meeting.

By order of the Board of Directors,

J.J. Fridman
*Senior Vice-President, Law and
Corporate Secretary*

Montreal, February 26, 1997

Proxies to be used at the meeting must be received prior to 4:45 p.m. (Montreal time) on Monday, April 28, 1997, by our transfer agent, Montreal Trust Company, by mail at Box 580, Station B, Montreal, Quebec, Canada H3B 3K3, or by delivery to 1800, avenue McGill College, 6th Floor, Montreal, Quebec, or by other agents appointed by the Corporation for such purpose. Shareholders residing in the United States should mail their proxies to our transfer agent at Box 127, Rouses Point, N.Y. 12979-9930, U.S.A. and those residing outside Canada and the United States at Box 127, Rouses Point, N.Y. 12979-9929, U.S.A.



MANAGEMENT PROXY CIRCULAR

DATED FEBRUARY 17, 1997*

This management proxy circular (the "Circular") is furnished in connection with the solicitation by the management of BCE Inc. ("BCE" or the "Corporation") of proxies to be used at the annual and special meeting of the shareholders of the Corporation to be held in Montreal, Quebec, on April 30, 1997, and at any adjournment thereof. Solicitation of proxies will be primarily by mail, supplemented by telephone or other contact, by employees or agents of the Corporation at a nominal cost, and all costs thereof will be borne by the Corporation. The Corporation has retained the services of Corporate Investor Communications, Inc. for the solicitation of proxies by telephone in the United States.

PROVISIONS RELATING TO VOTING

As at February 17, 1997, 318,050,007 common shares of the Corporation are entitled to be voted at the annual and special meeting.

Each share entitles the registered holder thereof to one vote on each ballot taken at any general meeting of the shareholders of the Corporation; such votes may be given in person or by proxy.

Only owners of shares registered on the books of the Corporation at the close of business on March 14, 1997, or their duly appointed proxies, will be entitled to attend or to register a vote at the annual and special meeting, unless shares are transferred after that date and the transferee establishes that he or she owns the shares and demands by the close of business on April 21, 1997 that his or her name be included in the list of shareholders entitled to vote.

Shares may be voted for or be withheld from voting on the election of directors and the appointment of auditors. On other matters, the shareholder may vote for or against the proposal.

Since 1994, Canadian ownership and control regulations (the "Regulations") are prescribed under the Telecommunications Act (the "Act"). To maintain the eligibility under the Act of Bell Canada and other BCE subsidiaries to act as Canadian common carriers, the level of non-Canadian ownership of BCE's voting shares cannot exceed 33 1/3 per cent and BCE may not be otherwise controlled by non-Canadians. The Regulations give BCE, as the holding

corporation for Canadian common carriers such as Bell Canada, certain powers to monitor and control the level of non-Canadian ownership of its voting shares. Such powers include the right to refuse to register a transfer of voting shares to a non-Canadian, to force a non-Canadian to sell his or her voting shares and to suspend the voting rights attached to that person's shares, if that person's holding would jeopardize BCE's status as a "Canadian" under the Regulations. To the best of BCE's knowledge, the level of non-Canadian ownership of BCE's common shares was approximately 15.5 per cent as at February 17, 1997. BCE monitors the level of non-Canadian ownership of its common shares and periodically reports thereon.

PROVISIONS RELATING TO PROXIES

All shares represented by properly executed proxies received by our transfer agent prior to 4:45 p.m. (Montreal time) on Monday, April 28, 1997 will be voted for or against or withheld from voting, in accordance with the wishes of the shareholder as specified thereon, on any ballot that may be called at the meeting.

The form of proxy enclosed herewith, when properly signed, confers discretionary authority on the person or persons named as proxy with respect to all amendments or variations to matters identified in the notice of meeting and to any other matter which may properly come before the meeting.

A proxy must be in writing and must be executed by the shareholder or by the shareholder's attorney authorized in writing. A shareholder who has given a proxy may revoke it by depositing an instrument in writing executed by the shareholder or by the shareholder's attorney authorized in writing with the Vice-President and Treasurer of the Corporation at 1000, rue de La Gauchetière Ouest, Suite 3700, Montreal, Quebec, Canada H3B 4Y7, at any time up to and including the last business day preceding the day of the meeting, or any adjournment thereof, or by depositing it with the chairman of the meeting on the day of the meeting, or any adjournment thereof. A shareholder may also revoke a proxy in any other manner permitted by law.

The Corporation may appoint agents in cities other than Montreal for the purpose of facilitating the delivery of proxies; if such agents are appointed, the Vice-President and Treasurer will supply their names and addresses on request.

* Information as of February 17, 1997, except as otherwise indicated.

BUSINESS TO BE TRANSACTED AT THE MEETING

(See Notice of 1997 Annual and Special Meeting, page 1)

PRESENTATION OF FINANCIAL STATEMENTS

The consolidated financial statements for the year ended December 31, 1996, and the report of the shareholders' auditors thereon will be placed before the meeting. The consolidated financial statements are included in the BCE 1996 Annual Report which is being mailed to shareholders with this Notice of Meeting and Circular.

ELECTION OF DIRECTORS

(See item 1 on proxy form)

Mrs. L.B. Vaillancourt has reached the age limit for service on the Board and is therefore not eligible to stand for re-election; Mrs. Vaillancourt is the Chairman of the Pension Fund Policy Committee.

Twelve directors are to be elected to hold office until the next annual meeting of the shareholders.

The persons nominated in the Circular are, in the opinion of management, well qualified to direct the Corporation's activities for the ensuing year.

All nominees have formally established their eligibility and willingness to serve as directors.

It is the intention of the persons whose names are printed in the enclosed proxy form to vote such proxy for the election of the nominees listed herein unless specifically instructed on the proxy form to withhold such vote.

If, prior to the annual and special meeting, any of the listed nominees should become unavailable to serve, the persons designated in the proxy form will have the right to use their discretion in voting for a properly qualified substitute.

APPOINTMENT OF AUDITORS

(See item 2 on proxy form)

A firm of auditors is to be appointed by vote of the shareholders at the annual and special meeting to serve as auditors of the Corporation until the close of the next annual meeting. The Board of Directors, on the advice of the Audit Committee, recommends that Deloitte & Touche be reappointed as the shareholders' auditors.

AMENDMENT TO ARTICLES IN VIEW OF A SUBDIVISION OF COMMON SHARES

(See item 3 on proxy form)

By resolution approved on January 27, 1997, the Board of Directors of the Corporation authorized the submission to the

shareholders of the special resolution set forth in Schedule A on page 16 (the "Special Resolution") authorizing the Corporation to apply for a Certificate of Amendment amending the Corporation's articles by subdividing the common shares of the Corporation, issued and outstanding at the close of business on May 14, 1997, on a two-for-one basis (the "Stock Split"). The Board of Directors believes that the Stock Split should enhance the marketability of such common shares and make the common shares accessible to a wider range of investors. Accordingly, it recommends that the shareholders vote FOR the approval of the Special Resolution.

The Stock Split will not change the rights of the holders of common shares of the Corporation. Each common share outstanding after the Stock Split will be entitled to one vote and will be fully paid and non-assessable.

After the Stock Split, outstanding share certificates representing common shares of the Corporation shall continue to represent the same number of shares. However, each registered holder of common shares at the close of business on May 14, 1997 (the "Stock Split Record Date") will be entitled to receive a further certificate representing one additional share for every share held at the close of business on the Stock Split Record Date; as a result, each holder will hold two shares for every share held at the close of business on the Stock Split Record Date. It is presently expected that the Corporation will mail the new share certificates on or about May 22, 1997.

Presently outstanding share certificates should be retained by the holders thereof and should not be sent to the Corporation or to Montreal Trust Company, the Corporation's transfer agent.

If the Special Resolution is adopted by the shareholders, the number of common shares outstanding at the close of business on the Stock Split Record Date will be doubled. The Corporation will apply for listing, on the stock exchanges on which its common shares are listed, of the additional common shares resulting from the Stock Split.

Under the current administrative policy of Revenue Canada, Customs, Excise and Taxation, no disposition or acquisition will be considered to have occurred for Canadian federal income tax purposes as a result of the Stock Split. Consequently, the Stock Split will not result in the realization of a gain or loss by a shareholder for such purpose. In general, the aggregate adjusted cost base of a shareholder's shares immediately after the Stock Split will be the same as the aggregate adjusted cost base of such shareholder's shares immediately before the Stock Split. For example, the cost for tax purposes of a shareholder's 200 BCE shares immediately after the Stock Split will be the same as that person's 100 shares immediately prior to the Stock Split.

The Stock Split will not be a taxable event to a shareholder under current United States federal income tax law. Accordingly, for United States federal income tax purposes (i) the shareholders will not recognize any income, gain or loss as a result of the Stock Split, (ii) a shareholder's aggregate tax basis in its shares immediately after the Stock Split will be the same as such shareholder's aggregate tax basis in its shares immediately before the Stock Split and (iii) the holding period of the shares held by a shareholder immediately after the Stock Split will include the holding period of the shares held by the shareholder immediately before the Stock Split.

Shareholders are advised to consult their own tax advisors for guidance regarding their personal income tax situation.

In order to give effect to the Stock Split, management is proposing the adoption of the Special Resolution. The Special Resolution must be passed by not less than two-thirds of the votes cast by the holders of common shares.

OTHER BUSINESS

The Chairman will report on recent events of significance to the Corporation and on other matters of interest to the shareholders and will invite questions and comments from the floor.

NOMINEES FOR ELECTION AS DIRECTORS AND THEIR BENEFICIAL SECURITIES OWNERSHIP

Abbreviations

Nortel = Northern Telecom Limited, **BCE Mobile** = BCE Mobile Communications Inc., **NewTel** = NewTel Enterprises Limited

	Director since	Holdings	
Ralph MacKenzie Barford, Toronto, Ontario President, Valleydene Corporation Limited (a private investment company). Chairman, Management Resources and Nominating Committee. Also Chairman of the Board of GSW Inc. and a director of Bell Canada, Nortel, Bank of Montreal, Hollinger Inc. and Morton International, Inc.	April 1987	BCE common	40,000
		Nortel common	25,103
Warren Chippindale, F.C.A., Mont-Tremblant, Quebec Company director. Chairman, Audit Committee. Also a director of Bell Canada, BCE Mobile, Alcan Aluminium Limited, The Spectrum United Mutual Funds, Inc. and The Molson Companies Limited.	May 1986	BCE common	1,203
		BCE Mobile common	925
Richard James Currie, Toronto, Ontario President and a director, George Weston Limited (a food processing and distribution and resource operating company). Member, Management Resources and Nominating Committee. Also president and a director of Loblaw Companies Limited and a director of Imperial Oil Limited.	May 1995	BCE common	2,221
Jeannine Guillevin Wood, Montreal, Quebec Chairman of the Board, Guillevin International Inc. (a distributor of electrical products). Member, Audit Committee. Also a director of Laurentian Bank of Canada and Sun Life Assurance Company of Canada.	May 1989	BCE common	2,744
		BCE first preferred - Series P	3,200
		BCE first preferred - Series Q	4,000
		BCE Mobile common	2,500
		Nortel common	1,700

NOMINEES FOR ELECTION AS DIRECTORS AND THEIR BENEFICIAL SECURITIES OWNERSHIP (continued)

Abbreviations

Nortel = Northern Telecom Limited, **BCE Mobile** = BCE Mobile Communications Inc., **NewTel** = NewTel Enterprises Limited

	Director since	Holdings	
Gerald James Maier, Calgary, Alberta Chairman of the Board, TransCanada PipeLines Limited (a natural gas transportation and marketing company). Member, Management Resources and Nominating Committee. Also a director of The Bank of Nova Scotia, DuPont Canada Inc., TransAlta Corporation and Petro-Canada.	January 1987	BCE common	1,165
		BCE Mobile common	3,000
John Hector McArthur, Wayland, Massachusetts Dean Emeritus, Harvard University Graduate School of Business Administration. Member, Audit Committee. Also a director of Rohm and Haas Company, Springs Industries, Inc., Cabot Corporation, Glaxo-Wellcome plc, Vincam Group, Inc. and AES Corporation.	May 1995	BCE common	855
James Edward Newall, O.C., Calgary, Alberta Vice-Chairman and Chief Executive Officer, NOVA Corporation Ltd. (a natural gas services and petrochemicals company). Member, Management Resources and Nominating Committee. Also Chairman of the Board of Methanex Inc. and a director of Alcan Aluminium Limited and Royal Bank of Canada.	May 1989	BCE common	1,597
Ronald Walter Osborne, F.C.A., Westmount, Quebec President of the Corporation since May 1996. (Previously Executive Vice-President and Chief Financial Officer of the Corporation). Member, Pension Fund Policy Committee. Also a director of Bell Canada, Nortel, BCE Mobile, Teleglobe Inc., Bell Cablemedia plc, Bruncor Inc., Sun Life Assurance Company of Canada and Noranda Inc.	May 1996	BCE common	2,617
		BCE share units ⁽¹⁾	6,716
		BCE Mobile common	236
		Nortel common	228
Guy Saint-Pierre, O.C., Montreal, Quebec Chairman of the Board, SNC-Lavalin Group Inc. (an engineering-construction company). Member, Audit Committee. Also a director of General Motors of Canada Limited, Alcan Aluminium Limited and Royal Bank of Canada.	May 1995	BCE common	1,079
		Nortel common	550
Lynton Ronald Wilson, Montreal, Quebec Chairman and Chief Executive Officer of the Corporation. Member, Pension Fund Policy Committee. Also Chairman of Bell Canada and a director of Nortel, BCE Mobile, Teleglobe Inc., Chrysler Corporation, Stelco Inc. and Tate & Lyle PLC.	May 1985 to September 1989 and continuously since November 1990	BCE common	38,823
		BCE share units ⁽¹⁾	13,728
		BCE Mobile common	236
		NewTel common	500
		Nortel common	5,019

⁽¹⁾ See **Report on executive compensation** for a description of BCE share units.

NOMINEES FOR ELECTION AS DIRECTORS AND THEIR BENEFICIAL SECURITIES OWNERSHIP (continued)

Abbreviations

Nortel = Northern Telecom Limited, **BCE Mobile** = BCE Mobile Communications Inc., **NewTel** = NewTel Enterprises Limited

	Director since	Holdings
Elizabeth Breslin Wright, Toronto, Ontario Senior Vice-President, Strategic Planning and Marketing, National Trust (a financial services company). Between 1992 and 1995, Executive Vice-President - Products, Personal and Commercial Bank and, prior to 1992, Senior Vice- President, Technology Products Group, of the Canadian Imperial Bank of Commerce. Also a director of Holt, Renfrew & Co., Limited, Canadian Payments Association and MasterCard International.	New nominee	
Victor Leyland Young, O.C., St. John's, Newfoundland Chairman and Chief Executive Officer, Fishery Products International Limited (a Newfoundland-based international seafood harvesting, processing and marketing company). Member, Pension Fund Policy Committee. Also a director of Royal Bank of Canada and McCain Foods Limited.	May 1995	BCE common 759

DIRECTORS' AND OFFICERS' REMUNERATION

REPORT ON EXECUTIVE COMPENSATION

Compensation philosophy

The objectives of the executive compensation policy are to assist in attracting and retaining executives, and in motivating them to achieve individual and group performance objectives consistent with creating shareholder value and advancing BCE's corporate success.

The compensation philosophy of BCE is to offer total cash compensation based on a comparator group of major Canadian corporations. A substantial portion of the total cash compensation is contingent upon corporate performance. In addition, there are long-term incentive programs designed to motivate the attainment of longer-term objectives, to align executive and shareholder interests and to ensure reasonable opportunities for capital accumulation.

Underlying BCE's compensation programs is an emphasis on share ownership, and officers of BCE are required to attain specified share ownership levels over a five-year period. Such levels are expressed as a percentage of annual base salary and range from 50 per cent for a vice-president to 300 per cent for the Chairman and CEO.

The Management Resources and Nominating Committee (the "MRNC") of the Board of Directors undertakes periodic reviews of BCE's executive compensation policy to ensure its continued effectiveness in meeting the foregoing objectives.

Composition of the compensation committee

The MRNC is responsible for the administration of BCE's executive compensation policy. The MRNC reports and makes recommendations on executive compensation matters to the Board of Directors.

The members of the MRNC are Ralph M. Barford, Richard J. Currie, Gerald J. Maier and J. Edward Newall. The Chairman is Mr. Barford. The MRNC met six times during 1996. As a corporate practice, Messrs. Wilson and Osborne attend all MRNC meetings except when matters pertaining to them are discussed. They do not vote at MRNC meetings.

Total cash compensation: salary and short-term incentive

Total cash compensation, which comprises salary plus annual short-term incentive awards at target levels, is compared to a group of 21 widely-held Canadian corporations which have annual revenues in excess of \$1 billion. Such total cash

compensation levels are set to reflect both the marketplace (to ensure competitiveness) and the responsibility of each position (to ensure internal equity). The total cash compensation policy is positioned at the 75th percentile, *i.e.* 25 per cent of the companies pay more and 75 per cent of the companies pay less.

Salary

The target salary or mid-point of a salary range for an officer is set at median levels in the comparator group to reflect similar positions in these companies using either a direct comparison of responsibilities, or a widely-accepted job scope evaluation system. Base salaries for executive officers are then determined by the MRNC between a minimum and a maximum, normally 80 per cent to 120 per cent of this mid-point.

Mr. Wilson's salary of \$871,200 for 1996 was unchanged from the previous year. It was set within the framework of a salary mid-point of \$929,000.

Annual short-term incentive awards

The MRNC, as part of the executive compensation policy, established target awards ranging in 1996 from 30 per cent of the salary mid-point for the lowest eligible officer position to 55 per cent for the Chairman and Chief Executive Officer.

Annual short-term incentive awards are based upon two factors:

- (1) corporate performance — this is assessed on the basis of strategic business objectives and quantifiable financial targets both set at the beginning of the year as the Corporate Mandate by the Board of Directors. Strategic business objectives might include, for example, a specific corporate objective with respect to a particular subsidiary, the development of new businesses, the improvement of management development, or the strengthening of certain relationships. Quantifiable financial targets might include, for example, earnings per share or contribution to earnings from core businesses. Although none of these objectives has a specific weight, primary consideration is generally given to the quantifiable financial targets; and
- (2) individual contribution — this is evaluated on the basis of criteria which affect corporate performance, such as creativity and initiative in addressing business issues, succession planning and management development.

On the basis of the above factors, the MRNC determines the size of the annual short-term incentive award. Officers' short-term incentive awards are more dependent on the corporate performance factor than on the personal contribution factor. The size of the corporate factor tends to decrease the

lower the rank of the officer, while the personal factor increases. Actual awards may vary between zero and twice the target awards depending on achievement of the above factors. They are paid at the beginning of a year with respect to performance in the previous year. Executive officers who participate in the share unit plan do not receive short-term incentive awards (see page 8).

When the principal function of an executive officer of the Corporation is as an officer of a subsidiary, the subsidiary determines the compensation elements. BCE's MRNC may, in addition, recommend a short-term incentive award or a share unit award based upon the contribution of the executive officer to the BCE group.

Given their receipt of share units under the share unit plan, no short-term incentive awards were granted for the year 1996 to executive officers named in the Executive Compensation Table ("Named Executive Officers").

Long-term compensation

Stock Options

Options to purchase common shares of the Corporation may be granted to officers and other key employees of the Corporation and of certain BCE subsidiaries. Stock option awards vary according to salary level and do not take outstanding options into account. Target grant levels depend on the position of the incumbent. For example, the target grant at the CEO level in 1996 is 180 per cent of the salary mid-point, at the Executive Vice-President level, 100 per cent and so on, decreasing to 70 per cent at the lowest eligible officer level. Grant levels are then based on the average closing price of the Corporation's common shares on The Toronto Stock Exchange and the Montreal Exchange the day prior to the effective date of the grant of the options ("Market Value").

Options must be exercised within ten years of the grant. The right to exercise an award of options in its entirety gradually accrues over a period of four years unless otherwise determined by the MRNC at the time of grant. The exercise price payable for each common share covered by an option is the Market Value. Simultaneously with the granting of an option, rights to a Special Compensation Payment ("SCP") may be granted. The SCP is a cash payment representing the excess of the average closing price of the shares on The Toronto Stock Exchange and the Montreal Exchange on the date of exercise over their Market Value. The SCPs are provided for the purpose of paying taxes upon the exercise of an option. When SCPs are attached to options, the SCPs are triggered when the options are exercised.

Share Units

To increase alignment of executive and shareholder interests, BCE has established effective January 27, 1997 a share unit plan pursuant to which share units ("Units"), each one being equivalent in value to one BCE common share, may be awarded to certain officers and other key employees of the Corporation and of certain BCE subsidiaries (the "Participants"). Units are credited to an account to be maintained for the Participant.

On each BCE common share dividend payment date, additional Units are credited to the account of the Participant, the number of which is calculated in respect of Units already credited, with reference to dividends on BCE common shares. Following retirement, cessation of employment or death of the Participant, Units are paid, after remittance of applicable withholding taxes, in BCE common shares purchased on the open market.

There are no vesting conditions under the terms of the share unit plan. Furthermore, the number and terms of outstanding Units are not taken into account when determining whether and how many new Units will be granted.

The MRNC determines the size of the Unit awards as a percentage of salary mid-point upon the same factors and weighting as those described under "Annual short-term incentive awards". Target awards are also the same as those for short-term incentive awards. The number of Units awarded is determined on the basis of the average closing price of BCE common shares on The Toronto Stock Exchange and the Montreal Exchange the day prior to the effective date of the grant of the Units. Persons eligible to participate may elect, with respect to any particular year, to receive Units, in which case they do not receive an annual short-term incentive award. The MRNC may, with respect to any particular year, require an eligible officer or key employee to participate in the share unit plan. For 1996, all Named Executive Officers participate in the share unit plan.

Mr. Wilson has received 13,728 Units based on an amount of \$919,800, an amount which exceeds his target award. In the case of Mr. Wilson, 100 per cent of the amount is based on corporate performance. The earnings objectives of the Corporate Mandate were exceeded while results in all major operating units were improved and strategic objectives were attained or surpassed. Bell's earnings growth was in line with its three-year transition plan and Nortel's revenues were at a record level while Bell Canada International Inc. ("BCI") results exceeded targets. In addition, BCI's initiatives in the UK with the formation of Cable & Wireless Communications as well as the impressive progress of certain of its investments in emerging markets, together with various business development initiatives of Tele-Direct (Publications) Inc. also contributed to the level of the share unit award for 1996.

Executive officer of subsidiary

One Named Executive Officer, D.H. Burney, is an officer of a BCE subsidiary, namely BCI. His compensation is independently determined by the Board of Directors of that subsidiary. Mr. Burney's compensation elements, and their determination, are essentially similar to those of a BCE executive vice-president. BCI has its own short-term incentive plan which ties its short-term incentive payouts to its specific corporate objectives set out at the beginning of the year, in addition to recognizing individual contribution. BCI participates in the Corporation's share unit plan and stock option plan but awards are tied to the achievement of its own specific objectives as for its short-term incentive plan.

Report presented by:

R.M. Barford, Chairman

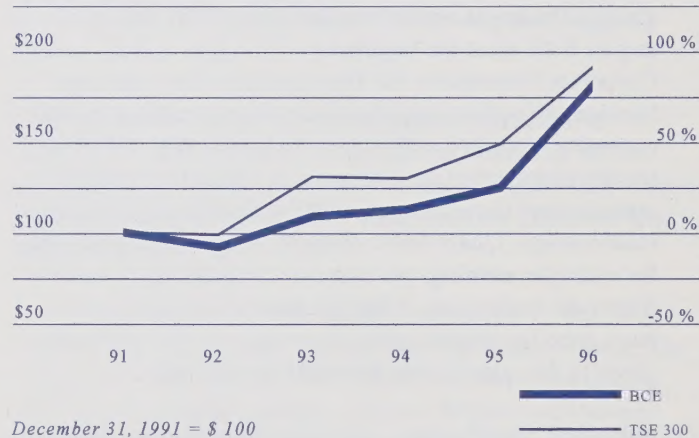
R.J. Currie

G.J. Maier

J.E. Newall

SHAREHOLDER RETURN PERFORMANCE GRAPH

The graph below compares the yearly percentage change in the cumulative total shareholder return on the Corporation's common shares against the cumulative total shareholder return of the TSE 300 Composite Index for the five-year period commencing December 31, 1991, and ending December 31, 1996*.



BCE Inc.	\$100	92	109	113	125	182
TSE 300	\$100	99	131	130	149	192

* Assumes that the initial value of the investment in the Corporation's common shares and in the TSE 300 Composite Index was \$100 on December 31, 1991, and that all subsequent dividends were reinvested. All prices for the Corporation's common shares were taken from The Toronto Stock Exchange's records.

EXECUTIVE COMPENSATION TABLE

The following table sets forth the annual and long-term compensation for the financial years ended December 31, 1996, 1995 and 1994 for the chief executive officer and the four other most highly compensated executive officers of the Corporation for 1996. Those listed in the table are referred to as the Named

Executive Officers. Information on the compensation of the executive officers of the Corporation's two major subsidiaries, Bell Canada and Northern Telecom Limited ("Nortel"), can be found, respectively, in the Annual Information Form of Bell Canada and in the Proxy Circular and Proxy Statement of Nortel.

Summary compensation table

Name and principal position (1)	Year	Annual compensation			Long-term compensation*		
		Salary (\$) (2)	Bonus (\$) (2)	Other annual compensation (\$) (3)	Awards		
					Securities under Options/ SARs granted (#) (4)	Restricted Shares or Restricted Share Units (\$) (5)	All other compensation (\$) (6)
L.R. Wilson Chairman and Chief Executive Officer	1996	871,200	0	–	33,654	13,728 Share Units based on \$919,800	230,483
	1995	871,200	0	–	30,347	4,393 Shares based on \$464,500	207,883
	1994	802,000	6,320 Shares based on \$590,000	162,629	27,990	–	218,811
R.W. Osborne President	1996	447,941	0	–	7,098	6,716 Share Units based on \$450,000	153,255
	1995	330,220	0	–	10,000	1,284 Shares based on \$135,800	57,048
	1994	–	–	–	–	–	–
D.H. Burney Chairman, President and Chief Executive Officer, Bell Canada International Inc.	1996	350,000	0	74,750	7,098	4,104 Share Units based on \$275,000	16,040
	1995	350,000	0	–	6,142	2,063 Shares based on \$220,000	7,896
	1994	350,000	225,000	–	5,665	–	10,933
P.J.M. Nicholson Executive Vice-President, Corporate Strategy	1996	271,733	0	–	3,979	3,832 Share Units based on \$256,800	15,370
	1995	77,533	65,700	–	5,000	–	40,443
	1994	–	–	–	–	–	–
J.J. Fridman Senior Vice-President, Law and Corporate Secretary	1996	237,000	0	194,366	3,979	2,150 Share Units based on \$144,100	51,946
	1995	237,000	0	17,015	3,618	693 Shares based on \$73,300	47,095
	1994	237,000	168,100	–	3,337	–	40,795

* No Long-Term Incentive Plan ("LTIP") payouts were provided. The relevant column was therefore omitted.

- (1) Mr. Osborne joined the Corporation on January 21, 1995 as Executive Vice-President and Chief Financial Officer. He was appointed President on May 7, 1996.

Mr. Burney ceased to be Executive Vice-President, International of the Corporation on May 7, 1996, but is considered a Named Executive Officer for purposes of this circular.

Mr. Nicholson joined the Corporation on September 1, 1995 as Senior Vice-President, Corporate Strategy. He was appointed Executive Vice-President, Corporate Strategy on September 25, 1996.

Mr. Burney received part of his executive compensation from a subsidiary of BCE, BCI (formerly BCE Telecom International Inc.), and the balance from BCE.

- (2) Includes awards made under the BCE short-term incentive program. Mr. Burney's 1994 award includes \$195,000 granted by BCI.

At Mr. Wilson's request, the after-tax amount of his short-term incentive award for 1994 was applied to the purchase of BCE common shares on the open market. Accordingly, the Corporation withheld and remitted federal and provincial taxes and the balance was used to purchase 6,320 BCE common shares for Mr. Wilson.

This column includes special awards granted by BCE in respect of 1995 and 1994. Special awards may be granted in addition to annual short-term incentives to recognize specific individual contributions.

- (3) "Other annual compensation" consists of Special Compensation Payments ("SCPs") made upon exercise of stock options.

Perquisites and other personal benefits for Named Executive Officers are not included since they did not exceed minimum threshold disclosure levels in 1996, 1995 and 1994.

- (4) Options granted under the Long-Term Incentive (Stock Option) Program (1985) (the "Plan") of the Corporation. For a description of the Plan see the **Report on executive compensation**.

Options granted in 1995 to Messrs. Osborne and Nicholson were pursuant to the terms of their respective offers of employment from BCE.

SCPs were attached to all options granted in 1996, 1995 and 1994 to the Named Executive Officers under the Plan. Freestanding Stock Appreciation Rights ("SARs") cannot be granted under the Plan.

- (5) In the case of 1996, share units ("Units") which are equivalent in value to BCE common shares were awarded. The dollar amount represents the pre-tax value of the Units at the time of the award. Dividend equivalents will be credited in the form of additional Units to the accounts of the Named Executive Officers, the number of which shall be calculated with respect to Units already credited, with reference to dividends on BCE common shares. For further information, see the **Report on executive compensation**.

In the case of 1995, awards were used to purchase restricted BCE common shares on the open market after remittance of withholding taxes. The restricted shares granted in respect of 1995, which are vested and placed in escrow, cannot be sold until the earlier of January 31, 1999, death, retirement, or termination of employment of the officers. Dividends on the restricted shares are paid to the officers. Aggregate holdings of restricted shares and their value as at December 31, 1996 are as follows: Mr. Wilson 4,393 restricted shares with a value of \$286,863, Mr. Osborne 1,284 restricted shares with a value of \$83,845, Mr. Burney 2,063 restricted shares with a value of \$134,714 and Mr. Fridman 693 restricted shares with a value of \$45,253. In the case of Mr. Burney, the 1995 award was granted entirely by BCI.

- (6) "All other compensation" includes directors' fees, if any, paid by BCE subsidiaries; company contributions under the BCE Employees' Savings Plan (1970) which is described below; a health program allowance which is described below; payments for life insurance premiums; and for Mr. Nicholson, an expense allowance paid in 1995 under the Corporation's relocation policy.

Under the BCE Employees' Savings Plan (1970), BCE employees, including executive officers, are eligible to make a basic contribution towards the purchase of BCE common shares of up to six per cent of their basic wages matched by a BCE contribution of \$1 for every \$3 contributed by the employee.

The health program allowance mentioned above is equal to 1.5 per cent of salary and is paid by BCE and certain subsidiaries to all management employees residing in the Province of Quebec.

STOCK OPTIONS

The following table sets forth individual grants of stock options under the Long-Term Incentive (Stock Option) Program (1985) (the "Plan") of the Corporation during the financial year ended December 31, 1996 to each of the Named Executive Officers:

Option / SAR grants during the most recently completed financial year

Name	Securities under options / SARs granted (#) (1) (2)	% of Total options / SARs granted to employees in financial year (2)	Exercise or base price (\$ / Security)	Market value of securities underlying options / SARs on the date of grant (\$ / Security) (2)	Expiration date
L.R. Wilson	33,654	16.6%	\$49.6875	\$49.6875	Feb. 1, 2006
R.W. Osborne	7,098	3.5%	\$49.6875	\$49.6875	Feb. 1, 2006
D.H. Burney	7,098	3.5%	\$49.6875	\$49.6875	Feb. 1, 2006
P.J.M. Nicholson	3,979	2.0%	\$49.6875	\$49.6875	Feb. 1, 2006
J.J. Fridman	3,979	2.0%	\$49.6875	\$49.6875	Feb. 1, 2006

(1) Each option granted under the Plan covers one common share of the Corporation. A Special Compensation Payment was attached to each option granted to the Named Executive Officers under the Plan. The Plan is described in the **Report on executive compensation**.

(2) As freestanding SARs have not been granted, the numbers relate solely to stock options.

The following table sets forth details of all exercises of stock options by each of the Named Executive Officers under the Plan during the financial year ended December 31, 1996, and the financial year-end value of unexercised options on an aggregated basis:

Aggregated option / SAR exercises during the most recently completed financial year and financial year-end option / SAR values

Name	Securities acquired on exercise (#)	Aggregate value realized (\$) (1)	Unexercised options / SARs at December 31, 1996 (#) (3)		Value of unexercised "in-the-money" options / SARs at December 31, 1996 (\$) (2) (3)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
L.R. Wilson	-	-	65,892	76,623	\$1,265,464	\$1,428,659
R.W. Osborne	-	-	2,500	14,598	\$56,687	\$280,879
D.H. Burney	5,000	\$74,750	6,867	17,038	\$144,156	\$323,306
P.J.M. Nicholson	-	-	1,250	7,729	\$25,765	\$139,418
J.J. Fridman	10,161	\$194,366	14,923	9,244	\$300,979	\$172,930

(1) Aggregate value realized is calculated using the average of the closing prices for a board lot of common shares of the Corporation on The Toronto Stock Exchange and the Montreal Exchange on the date of exercise, less the exercise price. Excludes an equivalent value received as a Special Compensation Payment which is disclosed in the **Summary compensation table** under "Other annual compensation".

(2) Value of unexercised "in-the money"* options calculated using the average of the closing prices for a board lot of common shares of the Corporation on The Toronto Stock Exchange and the Montreal Exchange on December 31, 1996, less the exercise price of "in-the-money" options.

* Note: "In-the-money" options are options that can be exercised at a profit, i.e. the market value of the shares is higher than the price at which they may be bought from the corporation.

(3) As freestanding SARs have not been granted, the numbers relate solely to stock options.

PENSION ARRANGEMENTS

Named Executive Officers participate in the non-contributory defined benefit pension plan of the Corporation or similar plans of its subsidiaries (the "Pension Plan"). In addition, executive officers enter into supplementary executive retirement agreements ("SERPs"). The following table shows estimated annual pension benefits payable upon retirement on December 31, 1996, at age 65, to officers in specified average earnings and service classifications. In no case may an officer receive under the basic Pension Plan and the SERP an annual aggregate pension benefit from BCE and its affiliated companies in excess of 70 per cent of average pensionable earnings.

Pension plan table

<i>Pensionable earnings</i>	<i>Credited years of service</i>			
	<i>20</i>	<i>30</i>	<i>40</i>	<i>50</i>
\$ 100,000	\$ 28,100	\$ 40,800	\$ 53,500	\$ 67,000
300,000	94,100	136,800	179,500	210,000
500,000	160,100	232,800	305,500	350,000
700,000	226,100	328,800	431,500	490,000
900,000	292,100	424,800	557,500	630,000
1,100,000	358,100	520,800	683,500	770,000
1,300,000	424,100	616,800	809,500	910,000
1,500,000	490,100	712,800	935,500	1,050,000
1,700,000	556,100	808,800	1,061,500	1,190,000

Benefits shown above are not subject to any deductions for government benefits or other offset amounts. The benefits are partially indexed annually to increases in the Consumer Price Index but in no case can indexation exceed 4 per cent.

The following describes the pensions payable to the Named Executive Officers under the Pension Plan, as supplemented by the SERPs:

- (a) Pensions are based on pensionable service and the average of the best consecutive thirty-six months of pensionable earnings. Pensionable earnings include salary and short-term incentive awards or other awards in lieu thereof. The

inclusion of such awards is subject to a maximum limit. Annualized pensionable earnings for 1996 are as follows: L.R. Wilson \$1,382,200, R.W. Osborne \$700,000, D.H. Burney \$491,100, P.J.M. Nicholson \$412,833 and J.J. Fridman \$318,400.

- (b) Pensions are delivered on a "single-life" basis with a spousal survivor benefit entitlement of approximately 60 per cent.
- (c) A retirement allowance equal to one year's base salary is payable at time of retirement. (This amount is not included in computing the officer's pensionable earnings.)
- (d) BCE has undertaken to make periodic contributions or, at its discretion, to deposit one or more letters of credit or similar instruments to a trust fund for the funding of certain benefits, to which officers who have retired or who are eligible to retire since 1991 are entitled under their SERPs. Such a trustees arrangement is commonly referred to as a Retirement Compensation Arrangement (RCA).
- (e) For purposes of computing his total retirement benefits, as of January 1, 1997, Mr. Fridman had 33.4 years of credited service.

Messrs. Wilson's, Burney's and Nicholson's pension arrangements are independent of actual credited service years. Mr. Wilson, age 56, under the terms of his SERP with BCE, will receive a retirement income of 60 per cent of the average base salary on or after age 55, 65 per cent of the average pensionable earnings on or after age 60 and 70 per cent of the average pensionable earnings on or after age 65. Mr. Burney, age 57, and Mr. Nicholson, age 54, under the terms of their SERP, are entitled to a retirement income of 10 per cent of their average pensionable earnings at age 55 and 35 per cent at age 65, with gradual accrual of retirement benefits in the interval.

Mr. Osborne, age 50, under the terms of his offer of employment, was guaranteed a pension, starting at age 55, which would be no less than 2.5 per cent, per year of service, of the average pensionable earnings. For purposes of the foregoing pension calculation, Mr. Osborne had 1.9 years of service as of January 1, 1997.

COMPENSATION OF DIRECTORS

Each director who is not a salaried officer of BCE is entitled to be paid \$25,000 per annum for services as a director, a portion of which may be used for quarterly purchases of common shares of the Corporation under the Shareholder Dividend Reinvestment and Stock Purchase Plan. That portion may vary between \$5,000 and \$20,000 per annum. Each director who is not an employee of BCE is also entitled to be paid \$5,000 per annum per committee for services as a member of any standing committee of the Board and \$4,000 per annum for services as chairman of any standing committee of the Board. In all cases, the directors who are not employees of BCE are entitled to an attendance fee of \$1,000 per meeting. Since March 1, 1996, directors required to travel over 1,000 kilometres from their

principal residence receive twice the attendance fees otherwise payable (a) for Board meetings and (b) for Committee meetings held on a day when the Board is not meeting.

During the last completed financial year, some directors of BCE also received compensation from certain subsidiaries of the Corporation for services in their capacity as directors of such subsidiaries. Mr. Wilson was a director of Bell Canada, Nortel and BCE Mobile. Mr. Osborne was a director of Bell Canada, Nortel, BCE Mobile and TMI Communications Inc. Mr. R.M. Barford was a director of Bell Canada and Nortel. Mr. W. Chippindale was a director of Bell Canada and BCE Mobile. Such subsidiaries' standard arrangements for directors' compensation are described in the table below.

<i>Subsidiaries</i>	Annual retainer			Attendance fees	
	<i>Board of Directors</i>	<i>Committees</i>	<i>Committee Chairman</i>	<i>Board of Directors</i>	<i>Committees</i>
Bell Canada	\$16,000	\$4,000	\$4,000	\$1,000	\$1,000
Nortel (a)	US \$28,000	US \$3,000 ¹	US \$3,000 ²	US \$1,500	US \$1,000 ³
BCE Mobile	\$8,000 ⁴ and 100 BCE Mobile common shares	\$3,000	\$3,000	\$750	\$750
TMI Communications Inc.	\$6,000	—	\$6,000 ⁵	\$600	\$600

(a) A minimum of US \$8,000 of the board retainer must be used, and a maximum of US \$20,000 may be used, to purchase Nortel shares.

Additional special remuneration, at the rate of US \$3,000 per diem, subject to a maximum of US \$50,000 per annum, may be paid to any director (other than an employee or officer of Nortel) undertaking special services at the request of the board of directors, any committee of the board of directors or the chief executive officer, beyond those services ordinarily required of a director.

Commencing January 1, 1994, each director who is not a salaried employee of, or entitled to a monthly pension or other retirement allowance under a pension plan or like arrangement established by, Nortel or any of its subsidiaries, is entitled to annual retirement compensation from Nortel at the rate of 75 per cent of the greater of US \$27,500 or the annual board retainer payable when such director ceases to hold office, plus indexed retirement compensation at the rate of 56.25 per cent of any increase in the board retainer fee. Any such retirement compensation is paid quarterly during the retired director's lifetime, subject to certain survivor income benefits, for a period equal to the lesser of his or her tenure as a director or 10 years (40 quarters). Directors elected after January 1, 1996 are not entitled to receive annual retirement compensation.

Nortel maintains, at its cost, group life insurance for each individual who holds office as a director and who neither has been nor is a salaried employee of Nortel or of any of its subsidiaries. Such insurance is in an amount of \$100,000 while such an individual is a director and in an amount of \$75,000 after the retirement of any such individual at or after age 65, or at any lesser age if such individual has then served for not less than 10 years as a director.

¹ Except the stock option plan committee for which no retainer is paid to directors who are also members of the management resources and compensation committee.

² Except the stock option plan committee for which no retainer is paid.

³ The attendance fee is payable to directors who are members of both the stock option plan committee and management resources and compensation committee with respect to a meeting of the stock option plan committee only if the meeting is held on a day on which a regular or special meeting of the management resources and compensation committee has not been held. The attendance fee for a joint meeting of the international and North American advisory committees is \$1,000.

⁴ May be received in cash or in BCE Mobile common shares.

⁵ The chairman of the board receives an annual retainer of \$6,000 but does not receive any annual retainer as chairman of the executive committee.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

BCE seeks to attain high standards of corporate governance. The Board of Directors considered the corporate governance guidelines adopted by both the Toronto and Montreal stock exchanges and believes that it is in alignment therewith. The following describes BCE's corporate governance practices.

MANDATE OF THE BOARD

The Board of Directors has overall responsibility for the management or supervision of the management of the affairs of the Corporation. The Board has established an administrative procedure which prescribes the rules governing the approval of transactions carried out in the course of the Corporation's operations, the delegation of authority and the signing or execution of documents on behalf of the Corporation. For instance, appointment of officers as well as investments and expenditures above a certain dollar threshold are subject to review and approval by the Board. In performing its responsibilities, the Board, a committee of the Board or an individual director may, as required, and subject to the approval of the Chairman of the Management Resources and Nominating Committee (the "MRNC"), engage an outside adviser at the expense of the Corporation. More specifically, the Board assumes the following principal responsibilities:

- (i) *Strategic Planning:* The Board approves the BCE corporate strategy. Key activities of the strategy are incorporated into the annual management performance mandate, or Corporate Mandate, which is measured at six-month intervals.
- (ii) *Succession Planning, including Appointing, Training and Monitoring Senior Management:* As part of its mandate, the Board focuses on the integrity, quality, and continuity of management required to attain the Corporation's goals. The MRNC reviews and reports to the Board on succession planning and on senior management development and performance at six-month intervals. An annual performance mandate is set by the Board early in the year which is comprised of strategic business objectives and quantifiable financial targets. The MRNC annually reviews management's performance and compensation against this set of objectives.
- (iii) *Monitoring of Financial Performance, Financial Reporting and Risk Management:* The Audit Committee reviews, reports and provides recommendations to the

Board on financial performance, financial reporting and risk management. See below, "Board Committees - The Audit Committee" for a description of the activities of the Audit Committee.

- (iv) *Communications Policy:* The Board approves periodically a communications plan to address communications with shareholders, employees, financial analysts, governments and regulatory authorities, the media and the Canadian and international communities. Procedures for receiving feedback from shareholders have also been developed. For instance, in addition to the annual meeting, lines of communications (meetings, conferences and quarterly conference calls) have been established with the financial community to explain BCE's results and corporate strategy as well as to answer questions. BCE also has toll free numbers for shareholder enquiries (1 800 561-0934) and for investor relations (1 800 339-6353). In addition, BCE presents detailed information on its business on a World Wide Web site on the Internet (www.bce.ca).

COMPOSITION OF THE BOARD

The Board is composed of twelve directors, all of whom are unrelated and outside directors except Mr. L.R. Wilson, who is the Chairman and CEO of BCE and Mr. R.W. Osborne who is the President of BCE. The unrelated directors represent a wide variety of business sectors. The corporations to which these directors are related have had insignificant dealings with the BCE group of companies. Since 1993, the Board was reduced from twenty members to twelve.

The Board's objective, with respect to the composition of the Board, is to have a sufficient range of skills, expertise and experience and a reasonable geographical representation in relation to shareholders. Nominees for election as directors are chosen for their ability to contribute on the broad range of issues the Board must deal with. The MRNC receives suggestions for candidates from individual Board members, the CEO, shareholders, as well as professional search organizations. A guideline for the selection of directors provides that directors elected for the first time after 1996 will commit to being available for a minimum period of five (5) years, and will not normally be eligible to stand for re-election if they have served on the Board for a period of ten (10) successive one-year terms. Former CEOs of the Corporation may be invited to serve on the Board for a period not to exceed a total of three (3) successive one-year terms after retirement.

INDEPENDENCE OF THE BOARD

The Board does not have a chair separate from management. However, the Chairman of the MRNC has been designated by the Board as the "lead director" with the responsibility of ensuring that the Board can function independently of management. In addition, directors can add items to Board agendas which are distributed in advance of meetings and agendas for committee meetings are under the responsibility of the chairman of such committees. Furthermore, the Board meets without Mr. Wilson or Mr. Osborne when the respective person's performance and compensation are discussed and, finally, there is a process (which includes a questionnaire distributed to directors by the Chairman of the MRNC) by which feedback is solicited from directors on how the Board can operate more effectively.

BOARD COMMITTEES

There are three committees of the Board, each of which is composed of four directors, which meet at preset times throughout the year. Additional meetings are held as required. The MRNC met six times in 1996, the Audit Committee five times and the Pension Fund Policy Committee (the "PFPC") three times. Committees are composed of and chaired by outside and unrelated directors except the PFPC which includes as members Messrs. L.R. Wilson and R.W. Osborne, who are inside and related directors.

The Management Resources and Nominating Committee

The MRNC reviews, reports and, where appropriate, provides recommendations to the Board on: candidates for election to the Board; the appointment of the CEO; directors' remuneration in relation to current compensation practices; existing management resources and succession plans for officers and other ranks; the performance of the CEO and other officers; the Corporation's executive compensation policy; any proposed changes in organization, or to the Corporation's pension and benefit plans; and matters of corporate governance. The MRNC also establishes management performance criteria and undertakes annual surveys of all directors to allow each director to assess the effectiveness of the Board as well as to appraise his or her own participation on the Board. It reports to the Board annually on the Board's assessment of its effectiveness. It also ensures an orientation and education program for new Board members.

The Audit Committee

The Audit Committee reviews, reports and, where appropriate, provides recommendations to the Board on: the annual and interim consolidated financial statements and the integrity of the financial reporting of the Corporation; the adequacy of the Corporation's processes for identifying and managing risk; the adequacy of its internal control system; the adequacy of its processes for complying with laws and regulations; the appropriateness of, and compliance with, the policies and practices of the Corporation relating to business ethics; the appointment, terms of engagement and proposed fees of the shareholders' auditor; the appointment and mandate of the internal auditor; the relationship between related entities' audit committees and that of the Corporation; and the relationship between the Audit Committee, other Board committees and management.

The Pension Fund Policy Committee

The PFPC advises the Board on policy with respect to the administration, funding and investment of the Corporation's pension plan and the unitized pooled fund sponsored by the Corporation for the collective investment of the Corporation's pension fund and participating subsidiaries' pension funds (the "Master Fund"). The PFPC also generally oversees the administration and investment of the Corporation's pension plan and Master Fund.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

Group liability insurance in the aggregate amount of US \$135 million (approximately Can. \$182 million) is purchased for the protection of all the directors and officers of the Corporation, its subsidiaries and certain of its associated companies against liability incurred by such directors and officers. In 1996, the amount charged against earnings by the Corporation for its portion of the premium paid in respect of its directors as a group was \$441,571 and in respect of its officers as a group was \$257,583. In any case in which the Corporation is not permitted by law to reimburse the insured, the deductible is nil. Where the Corporation is permitted to reimburse the insured, the deductible is US \$500,000 (approximately Can. \$676,000).

ADDITIONAL INFORMATION

The following documents are available to any person upon request from the Senior Vice-President, Law and Corporate Secretary of BCE, at 1000, rue de La Gauchetière Ouest, Suite 3700, Montreal, Quebec H3B 4Y7:

- (a) one copy of its latest Annual Information Form, together with one copy of any document, or the pertinent pages of any document, incorporated by reference therein, from the date of its filing with the securities commissions or similar authorities in Canada;
- (b) one copy of the comparative financial statements of BCE for its most recently completed financial year together with the accompanying report of the auditors thereon, both contained in BCE's 1996 Annual Report, and one copy of any interim financial statements of BCE subsequent to the financial statements for its most recently completed financial year; and
- (c) one copy of this Notice of 1997 Annual and Special Meeting and Management Proxy Circular.

SCHEDULE A

Resolved, as a special resolution, that:

- 1. the Corporation be and it is hereby authorized and directed to apply for a Certificate of Amendment under Section 173 of the *Canada Business Corporations Act* to amend its Articles to provide for the subdivision, on a two-for-one basis, of its common shares issued and outstanding at the close of business on May 14, 1997;
- 2. the Articles of the Corporation be amended by adding the following at the end of Item 3 thereof: "The common shares of the Corporation, issued and outstanding at the close of business on May 14, 1997, are subdivided on a two-for-one basis."; and
- 3. any officer of the Corporation, an Assistant Treasurer or the General Counsel of the Corporation, be and each of them is hereby authorized to execute and deliver for and on behalf of the Corporation all such documents, including articles of amendment, and to do such other acts as they may consider necessary or desirable to give effect to the foregoing.

I, the undersigned, Senior Vice-President, Law and Corporate Secretary of BCE Inc., hereby certify that the contents of this Circular and the sending of this Circular to each shareholder entitled to receive notice of the annual and special meeting, to each director, to the auditors of the Corporation and to the appropriate governmental agencies were approved by the Board of Directors of the Corporation at a meeting held on February 26, 1997.



J.J. Fridman
Senior Vice-President, Law and
Corporate Secretary

Certified at Montreal,
this 26th day of February, 1997



INFORMATION CONCERNING PROXIES

To ensure representation of your shares at the meeting, please complete, sign and return your proxy form as soon as possible.

It is important that your shares be represented at the meeting and that your wishes be made known to the directors. This will be assured, whether or not you attend the meeting, if you complete and sign the enclosed proxy form, and return it as soon as possible in the postage-paid envelope provided.

Proxies are counted and tabulated by Montreal Trust Company, the transfer agent of the Corporation, in such a manner as to preserve the confidentiality of individual shareholder votes, except (a) as necessary to meet applicable legal requirements, (b) in the event of a proxy contest or (c) in the event a shareholder has made a written comment on the proxy form.

If you are present at the meeting and choose to vote in person on any ballot that may be called, your proxy will not be used; if you do not attend or do not wish to vote in person, your proxy will be voted for or against or withheld from voting in accordance with your wishes as specified thereon on any ballot that may be called at the meeting.

Proxies to be used at the meeting must be sent to the transfer agent of the Corporation, Montreal Trust Company, by mail at Box 580, Station B, Montreal, Quebec, Canada H3B 3K3, or delivered in person at 1800, avenue McGill College, 6th Floor, Montreal, Quebec.

Shareholders residing in the United States should mail their proxies to BCE's transfer agent at Box 127, Rouses Point, N.Y. 12979-9930, U.S.A. and those residing outside Canada and the United States at Box 127, Rouses Point, N.Y. 12979-9929, U.S.A.

All proxies must be received by BCE's transfer agent, Montreal Trust Company, prior to 4:45 p.m. (Montreal time) on Monday, April 28, 1997.

Information concerning the Corporation, in addition to the documents referred to at page 16 of the BCE Notice of 1997 Annual and Special Meeting and Management Proxy Circular, is available upon request from the Senior Vice-President, Law and Corporate Secretary of BCE, at 1000, rue de La Gauchetière Ouest, Bureau 3700, Montreal, Quebec H3B 4Y7. This additional information includes the Management's Discussion and Analysis of the First, Second and Third Quarter Results of the Corporation and the Corporation's quarterly supplements to its earnings press releases. These documents, as well as the Corporation's annual and quarterly reports and news releases, are also available on the Corporation's World Wide Web site (www.bce.ca).



Out of concern for the environment, BCE's Notice of 1997 Annual and Special Meeting and Management Proxy Circular is printed with vegetable-based ink and is completely recyclable.